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INTELLIGENCE BRIEF

TRENDS IN THE CEMENT INDUSTRY
IN COMMUNIST CHINA IN 1964

DIRECTORATE OF INTELLIGENCE
Office of Research and Reports

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TRENDS IN THE CEMENT INDUSTRY
IN COMMUNIST CHINA IN 1964

25X1D [REDACTED]

Although there was still idle capacity in the industry in 1964, the Chinese resumed production at two plants that had been shut down for a number of years, started initial production at one completely new plant, increased output at some plants that had been operating below capacity during 1962 and 1963, and expanded the support facilities at three or four additional plants. This increase in activity suggests that production of cement from major plants may have increased by 15 to 20 percent in 1964. Because most Chinese industrial plants still have excess capacity, expanded production of cement probably is related more to the resumption of construction of transportation and municipal facilities than to renewed industrial investment.

25X1D 1. Areas of Increased Activity

[REDACTED] the industry operated at its highest level since the retrenchment policy in capital construction was implemented in early 1961. 1/ Two plants in Manchuria -- the heart of 25X1D the cement industry in China -- that were idle [REDACTED] 25X1D [REDACTED] apparently have resumed production. These plants are located at Fu-shun and Pen-ch'i in Liaoning Province and have a combined installed capacity of roughly 600,000 tons per year.**

25X1D The increased activity of two other plants located in the southern part of the country, however, was of greater significance. A new plant at Liu-chou in Kwangsi Province, which has been under construction for the past 6 or 7 years and, although nearly complete, had been abandoned since 1962, started initial production in September 1964 [REDACTED] 25X1D

[REDACTED] Operation of this new plant -- estimated to have an installed capacity of about 300,000 tons per year -- should reduce or eliminate Chinese dependence on cement imported from North Vietnam for construction of projects in South China and on Hainan Island. In addition to the Liu-chou plant, the important cement plant at K'un-ming in Yunnan

25X1C *

** Tonnages are given in metric tons throughout this publication.

S-E-C-R-E-T

Province increased production in 1964 above that of previous years. [REDACTED] the K'un-ming plant had operated at about 50 percent of capacity for at least 2 years, but in 1964 the second of two kilns was placed in operation. Increased production at this plant -- estimated to have a total installed capacity of 300,000 tons per year -- may have been in response to a stepped-up construction effort in the southwest, such as the recently revived program of railroad construction. 2/

25X1D

2. Production and Consumption

In 1964, total production of cement from major plants in Communist China probably totaled between 7 million and 9 million tons, an increase of 1 million tons above the estimated 6 million to 8 million tons in 1963 (see the table). Although incomplete statistics suggest that Chinese exports of cement to the Free World have increased gradually during the past few years, most of the increased output probably was consumed domestically. The increase in exports to the Free World apparently has been offset by a decrease in exports to the USSR since 1963, as shown in the table.

In 1964, there was not a major increase in heavy industrial construction in Communist China, but additional cement probably was needed in such known activities as the construction of civilian and military airfields, 3/ ports, and railroads in the southwest. Moreover, travelers report that there has been some resumption in the construction of municipal projects that had been abandoned since 1961.

Production of Cement
from Major Plants in Communist China
and Exports to the USSR
1953-64

| Thousand Metric Tons | | |
|----------------------|-------------------|------------------|
| <u>Year</u> | <u>Production</u> | <u>Exports</u> |
| 1953 | 3,880 | 290 |
| 1954 | 4,600 | 270 |
| 1955 | 4,500 | 348 |
| 1956 | 6,390 | 786 |
| 1957 | 6,860 | 1,192 |
| 1958 | 9,300 a/ | 978 |
| 1959 | 12,270 b/ | 560 |
| 1960 | c/ | 552 |
| 1961 | N.A. | 595 |
| 1962 | 5,000 to 7,000 d/ | 689 |
| 1963 | 6,000 to 8,000 d/ | 373 |
| 1964 | 7,000 to 9,000 d/ | Less than 100 d/ |

- a. Production in 1958 may include 1.4 million tons from small backyard plants.
- b. Including 1.72 million tons from small shaft-kiln plants of a design alleged to be more advanced than the backyard plants used in 1958.
- c. The plan for 1960 was to produce 16 million tons, with one-third of the total to come from small plants. It is probable that this plan was not fulfilled and that, at the maximum, production from major plants in 1960 did not exceed 11 million tons.
- d. Estimated.

Sources:

- 25X1A 1. CIA. CIA/RR EM 64-6, Level of Operation of the Cement Industry in Communist China in 1963, Mar 64. S/NO FOREIGN DISSEM.

2.

3.

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Analyst:

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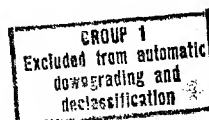
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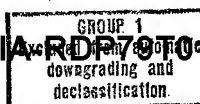
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